

Message Text

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ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 AGR-10 CIAE-00 COME-00 INR-07

LAB-03 NSAE-00 RSC-01 SP-02 STR-04 TRSE-00 SWF-01

CIEP-02 FRB-01 OMB-01 /050 W
----- 110634

R 141812Z NOV 74

FM AMEMBASSY MEXICO
TO SECSTATE WASHDC 4812

UNCLAS MEXICO 9638

E.O. 11652: N/A

TAGS: ETRD, MX

SUBJ: INVENTORY OF REGULATIONS ON TEXTILES AND APPAREL

REF: CA-7400

1. VERY FEW PRODUCTS ARE ACTUALLY BANNED IN MEXICO, AND NONE OF THE EMBARGOES IN EFFECT COVER TEXTILES OR APPAREL. IN PRACTICE, HOWEVER, THE IMPORT LICENSE SYSTEM MAKES IT POSSIBLE TO ESTABLISH HUNDREDS OF DE FACTO EMBARGOES SINCE THE IMPOSITION OF AN IMPORT LICENSING REQUIREMENT CAN BE TANTAMOUNT TO CLOSING THE BORDER.

2. THE PRINCIPLE FORM OF PROTECTION UTILIZED BY GOM IS THE PRIOR IMPORT LICENSE REQUIREMENT. GROUNDS FOR DENYING AN IMPORT PERMIT INCLUDE: A) IDENTICAL PRODUCT THAT WOULD COMPETE WITH DOMESTIC PRODUCTION WHICH IS ACCEPTABLE IN PRICES, QUALITY, QUANTITY AND DELIVERY TIME; B) THERE IS REASONABLE DOMESTIC SUBSTITUTE; C) IMPORT IS NOT CONSIDERED BENEFITIAL TO MEXICAN ECONOMY. PROCEDURALLY, APPLICATIONS FOR IMPORT LICENSES FOR TEXTILES AND APPAREL ARE MADE TO SECRETARIAT OF INDUSTRY AND COMMERCE WHICH REFERS THEM TO APPROPRIATE CONSULTATIVE COMMITTEE. IN PRACTICE, IMPORT PERMITS ARE DENIED FOR ALMOST ALL TEXTILES AND APPAREL FOR CONSUMPTION IN INTERIOR OF MEXICO. LOCAL IMPORT COMMITTEES (COMITES DE PROMOCION ECONOMICA) DO AUTHORIZE IMPORTATION OF TEXTILES AND APPAREL FOR USE IN 12.5 MILE AREA RUNNING FULL LENGTH OF NORTHERN BORDER AS WELL AS IN STATES OF BAJA CALIFORNIA NORTE, UNCLASSIFIED
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BAJA CALIFORNIA SUR, AND QUINTANA ROO. PART OF THESE BORDER IMPORTS ALLEGEDLY ENTER THE INTERIOR OF MEXICO ILLEGALLY. IN 1972, MEXICO

IMPORTED SOME \$60 MILLION IN TEXTILES AND APPAREL FROM THE UNITED STATES. OF THIS, SOME \$40 MILLION, HOWEVER, WAS DESTINED FOR IN-BOND ASSEMBLY PLANTS AT THE BORDER ("MAQUILADORAS") AND WAS SUBSEQUENTLY RE-EXPORTED TO THE UNITED STATES. ALMOST ALL OF THE REMAINING \$20 MILLION WAS FOR LOCAL CONSUMPTION IN THE BORDER AREA. (SEE MEXICO-391 FOR MORE DETAILS)

3. MINIMUM VALUATION PROCEDURES REMAIN UNCHANGED.

4. THE LIST OF MERCHANDISE SUBJECT TO "BARTER" ARRANGEMENTS IS CONSTANTLY UNDER REVIEW AND CHANGES ARE MADE FROM TIME TO TIME. FOR EXAMPLE, AT PRESENG GOM REQUIRES ONE-TO-ONE "BARTER" ARRANGEMENT WHEN MEXICAN FIRM PERMITTED IMPORT MORE THAN 25,000 PESOS IN ARTIFICIAL FIBERS, OR MORE THAN 10,000 PESOS IN FABRICS FOR USE IN HIGH FASHION. IN CASE OF FABRIC FOR TIE MANUFACTURE, MEXICAN IMPORTER MUST EXPORT DOUBLE THE VALUE OF AMOUNT IMPORTED.

5. AT PRESENT, MEXICO HAS NO LEGAL REQUIREMENTS FOR LABELLING. GOM STRIVING TO INTRODUCE REQUIREMENTS LISTED IN 1972 INVENTORY BUT MEXICO INDUSTRY RESISTING.

6. IF TMM DOES NOT SERVICE GIVEN PORT, NO SPECIAL CERTIFICATION REQUIRED FOR BOOKING NON-MEXICAN VESSEL. TMM SERVICES FAR EAST PORTS BUT NOT EUROPEAN. MOST SHIPMENTS TO UNITED STATES ARE VIA SURFACE TRANSPORTATION. IF COTTON SHIPPER USES FLAG SHIP OF COUNTRY OF DESTINATION NO CERTIFICATE REQUIRED. IN ALL OTHER CASES, SHIPPER MUST OBTAIN WAIVER CERTIFICATE FROM SECRETARIAT OF TREASURY STATING THAT NO TMM VESSEL DESTINED FOR COUNTRY OF OFF-LOADING WILL BE ARRIVING AT MEXICAN PORT WITHIN EIGHT DAYS. EVEN IF SHIPPER HAS OBTAINED CERTIFICATION AND TMM OR FLAG SHIP OF COUNTRY OF DESTINATION ARRIVES AT PORT UNEXPECTEDLY WITHIN EIGHT DAYS OF SHIPPING, THAT VESSEL HAS RIGHT TO CARGO. LOCAL COTTON REPRESENTATIVES ARE UNHAPPY OVER THESE ARRANGEMENTS BUT NO CHANGES EXPECTED IN SHORT RUN.

7. SINCE PREPARATION OF LAST INVENTORY ON MEXICAN RESTRICTIONS AND REQUIREMENTS THERE HAVE BEEN NO MAJOR CHANGES IN GOM POLICIES AND PROCEDURES.

8. PLEASE POUCH COPY OF REVISED INVENTORY TO EMBASSY WHEN
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TEXTILES, CLOTHING, IMPORT CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 14 NOV 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974MEXICO09638
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740329-0589
From: MEXICO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741144/aaaabkuc.tel
Line Count: 107
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: CA-7400
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 13 NOV 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13 NOV 2002 by martinml>; APPROVED <21-Nov-2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: INVENTORY OF REGULATIONS ON TEXTILES AND APPAREL
TAGS: ETRD, MX
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005